



INDIANA MEDICAID UPDATE

April 27, 1998

TO: Prescribers, Pharmacies, Clinics and Nursing Facilities:

SUBJECT: Additions to the Over-the-Counter (“OTC”) Drug Formulary

Attached to this bulletin are additions to the OTC drug formulary. The comprehensive OTC formulary was provided in bulletins E96-28 and E96-42. The new items outlined in this bulletin will be effective for the dispense date of June 1, 1998, and later. These revisions to the formulary are based on recommendations made by the State’s Drug Utilization Review (DUR) Board.

Providers should take careful note of the following information regarding the Indiana Medicaid OTC drug formulary. Pharmacy providers, in particular, should be fully aware of the formulary, as their dispensing and claims filing practices will be impacted by the revision of the formulary.

- **The OTC drug formulary applies to only, and impacts only, over-the-counter drugs. NON-DRUG, MEDICAL SUPPLY ITEM COVERAGE REMAINS UNCHANGED. Pharmacy providers should continue to bill for Medicaid-covered non-drug, medical supply items as they have in the past. THIS OTC DRUG FORMULARY DOES NOT AFFECT THE COVERAGE STATUS OF SUCH ITEMS AS DIABETIC REAGENT STRIPS, STERILE DRESSINGS, CATHETERS AND RELATED SUPPLIES, NUTRITIONAL SUPPLEMENTS, ETC.**
- **PHARMACY PROVIDERS SHOULD NOTE THAT ONLY OTC FORMULARY DRUGS THAT ARE FROM “REBATING” MANUFACTURERS ARE CONSIDERED AS COVERED. REIMBURSEMENT IS NOT AVAILABLE FOR OTC FORMULARY DRUGS FROM NON-“REBATING” MANUFACTURERS.**
- **The formulary is drug, strength, and dosage form specific, to the extent noted on the formulary. For example, if a drug is listed on the formulary only as a 10 mg. tablet, and other strengths exist, only the 10 mg. tablet is reimbursable.**
- **Insulin is not listed on the formulary; however, IT REMAINS COVERED UNDER INDIANA MEDICAID.**

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- Refer to applicable Therapeutic Category for covered products typically used in Dialysis.
 - Only those OTC drugs included on the formulary (and insulin) are covered by Indiana Medicaid. Claims for non-formulary OTC drugs will be denied, and so indicated by an appropriate EOB code on the pharmacy provider's Remittance Advice.
 - Reimbursement for covered OTC formulary drugs will be at the lower of 150% of the items "MAC" rate or the provider's submitted ("usual and customary") charge. Pharmacy providers are reminded to always submit their "usual and customary" charge for the item dispensed.
 - The OTC "MAC" rate is NOT suspended ("overridden") by a prescriber's indication of "brand medically necessary". Even in cases in which a prescriber indicates "brand medically necessary" for a covered OTC formulary drug, the assigned "MAC" rate will apply. Pharmacists should be sure to bear this in mind when dispensing.
 - The scope of products corresponding to individual OTC formulary items has been identified by utilizing First DataBank's 'Generic Code Sequence Number' (GCN*SEQNO) classification system. The items have been described on the formulary as accurately and comprehensively as possible. However, if you have a question as to whether or not an OTC drug you wish to prescribe or dispense is covered by the formulary, contact EDS Provider Assistance at the telephone numbers noted on this bulletin. Pharmacy providers: Please have the National Drug Code (NDC) of the drug item in question, ready to give to the EDS Provider Assistance staff when calling. They will check the NDC against the drug file and advise you of coverage status of the drug.
 - **FAILURE TO CHECK WITH PROVIDER ASSISTANCE STAFF REGARDING QUESTIONABLE DRUG ITEMS AND THEIR INCLUSION ON THE FORMULARY PLACES THE PHARMACY PROVIDER AT RISK OF CLAIM DENIAL.** Pharmacists are strongly urged not to dispense OTC drug items for which they are unsure of coverage status. If there is any question regarding coverage status, **CALL BEFORE YOU DISPENSE!**

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- **The OTC drug formulary was structured to allow for the use of medically necessary OTC drugs, while not encouraging the prescribing or dispensing of more expensive legend drugs. If you have suggestions for inclusion of OTC drug products on the OTC drug formulary, please forward them in writing to:**

**Indiana Medicaid DUR Board
Room W-382
Indiana State Government Center South
402 West Washington Street
Indianapolis, Indiana 46204**

The Board has indicated an intent to review comments and suggestions regarding the formulary in their September quarterly meeting. Board recommendations for any necessary modifications to the formulary would then be forwarded to Medicaid administrative staff.

The Office of Medicaid Policy and Planning gratefully acknowledges the contributions of the Indiana Medicaid DUR Board in recommending products for formulary inclusion.

If you have any questions regarding the information contained in this bulletin, please contact EDS Provider Assistance at 1-800-577-1278 or locally at 317-655-3240 or the POS/ProDUR Help Desk at 317-488-5069.

OTC FORMULARY
New OTC Formulary Items Effective for the Dispense
Date of 6/1/98 and Later

Class	Drug	MAC Rate
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H₂ Antagonists

Cimetidine 200 MG Tablet	\$0.401600/ea
Famotidine 10 MG Tablet	\$0.301687/ea
Nizatidine 75 MG Tablet	\$0.414750/ea
Ranitidine 75 MG Tablet	\$0.328000/ea